

Audit Report



DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA
FOR PROJECTS AT NAVAL AIR STATION OCEANA, VIRGINIA

Report Number 99-084

February 22, 1999

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Department of Defense

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Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

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Acronyms

BRAC
MILCON
NAS

Base Realignment and Closure
Military Construction
Naval Air Station



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

February 22, 1999

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for
Projects at Naval Air Station Oceana, Virginia (Report No. 99-084)

We are providing this report for your information and use. This report is one in a series about FY 1999 Defense base realignment and closure military construction budget data. Because this report contains no findings or recommendations, no written comments were required, and none were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, at (703) 604-9312 (DSN 664-9312) (wmillion@dodig.osd.mil) or Ms. Bobbie Sau Wan, at (703) 604-9259 (DSN 664-9259) (bwan@dodig.osd.mil). See Appendix C for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 99-084
(Project No. 8CG-5012.02)

February 22, 1999

Defense Base Realignment and Closure Budget Data for Projects at Naval Air Station Oceana, Virginia

Executive Summary

Introduction. This report is one in a series about FY 1999 Defense base realignment and closure military construction budget data. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each Defense base realignment and closure military construction project does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of two projects, valued at \$5.8 million and \$4.9 million, respectively, relating to the relocation of F/A-18 aircraft operations from Naval Air Station Cecil Field, Florida, to Naval Air Station Oceana, Virginia. This audit also assessed the management control program as it applies to the overall audit objective. The management control program will be discussed in a summary report upon completion of the current reviews.

Audit Results. The audit results are subject to the implementation of the Navy plan to relocate the F/A-18 aircraft squadrons from Naval Air Station Cecil Field to Naval Air Station Oceana. The Navy adequately supported the FY 1999 Defense base realignment and closure military construction requirements for project P-161U, "Training Facility Additions and Renovations," valued at \$5.8 million; and for project P-576U, "Corrosion Control Hangar," valued at \$4.9 million.

Management Comments. We provided a draft of this report on January 8, 1999. Because this report contains no findings or recommendations, written comments were not required, and none were received. Therefore, we are publishing this report in final form.

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Background

The Office of the Inspector General, DoD, is performing audits of the Defense realignment and closure (BRAC) process. This audit is one in a series on FY 1999 BRAC military construction (MILCON) budget data. For additional information on the audit process, see Appendix A. For background information on the BRAC process, see Appendix B.

Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities

This report provides the results of the audit of BRAC MILCON project P-161U, "Training Facility Additions and Renovations," valued at \$5.8 million; and project P-576U, "Corrosion Control Hangar," valued at \$4.9 million; at Naval Air Station (NAS) Oceana; in connection with the closure of NAS Cecil Field. This audit also assessed the management control program as it applies to the overall audit objective. However, the management control program will be discussed in a summary report upon completion of the current reviews.

Prior Coverage

Four summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1998. Details on those reports, and the numerous audit reports that they summarize, are available upon request.

Training Facility Additions and Renovations and Corrosion Control Hangar

The Navy provided adequate documentation to justify the FY 1999 Defense base realignment and closure military construction requirements for project P-161U, "Training Facility Additions and Renovations," valued at \$5.8 million, and for project P-576U, "Corrosion Control Hangar," valued at \$4.9 million. Therefore, the DD Form 1391 budget data amounts for those projects are adequately supported.

Project Background

The planned relocation of F/A-18 aircraft operations from NAS Cecil Field to NAS Oceana will require additional facilities for the Naval Maintenance Training Group Detachment. The Navy requires the training facilities to conduct training of Navy personnel on F/A-18 aircraft maintenance, a function that is currently performed at NAS Cecil Field.

Project Requirements

Training Facilities. The Naval Maintenance Training Group Detachment currently stationed at NAS Oceana conducts training on fighter and attack aircraft maintenance; however, additional facilities are needed to accommodate training on F/A-18 aircraft maintenance. Although NAS Oceana has extra space as a result of the recent decommissioning of A-6 aircraft, the area is insufficient to accommodate F/A-18 aircraft maintenance training. Additionally, the space must be modified to meet training facility requirements unique to the F/A-18 aircraft. The Navy requirements include an addition to Building 240 to create the necessary additional capacity, and renovation of spaces in Buildings 240 and 223 to accommodate the specialized needs of the F/A-18 aircraft maintenance training function.

Corrosion Control Hangar. The frequent over-water F/A-18 aircraft flight operations necessitate frequent aircraft corrosion control measures, such as washing, corrosion removal, paint stripping, and repainting. Environmental protection requirements mandate that corrosion control measures take place in enclosed facilities with specialized ventilation systems. Currently, there are no corrosion control facilities at NAS Oceana comparable to the corrosion control hangar currently in use at NAS Cecil Field.

Summary

The Navy properly planned, programmed, and documented the requirements for projects P-161U and P-576U. In planning the requirements, the Navy maximized its use of existing capacity and avoided the need for unnecessary new construction. Subject to the implementation of the Navy plan to relocate the F/A-18 aircraft squadrons from NAS Cecil Field to NAS Oceana, the DD Form 1391 budget data for projects P-161U and P-576U are adequately supported.

Appendix A. Audit Process

Scope

Work Performed and Limitations to Overall Audit Scope. We examined the FY 1999 BRAC MILCON budget request, economic analysis, and supporting documentation for project P-161U, "Training Facility Additions and Renovations," valued at \$5.8 million; and project P-576U, "Corrosion Control Hangar," valued at \$4.9 million; at NAS Oceana in connection with the closure of NAS Cecil Field.

DoD-wide Corporate Level Government Performance and Results Act (GPRA) Goals. In response to the GPRA, the Department of Defense has established 6 DoD-wide corporate level performance objectives and 14 goals for meeting these objectives. This report pertains to achievement of the following objective and goal.

Objective: Fundamentally reengineer the Department and achieve a 21st century infrastructure.

Goal: Reduce costs while maintaining required military capabilities across all DoD mission areas. (DoD-6)

General Accounting Office High Risk Area. The General Accounting office has identified several high risk areas in the DoD. This report provides coverage of the Defense Contract Management high risk areas.

Methodology

Audit Type, Dates, and Standards. This economy and efficiency audit was performed from June 1998 through November 1998 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD. Further details are available on request.

Appendix B. Background of Defense Base Realignment and Closure

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to provide a fair process that will result in a timely closure and realignment of military installations inside the United States. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission, and the Secretary of Defense shall send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1999 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1999 BRAC MILCON \$264.1 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected all projects in the budget. We also reviewed those BRAC MILCON projects that were not included in the previous budget submissions, but were added as part of the FY 1999 BRAC MILCON budget package.

Appendix C. Report Distribution

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Assistant Secretary of the Air Force (Financial Management and Comptroller)
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Committee on Government Reform

Audit Team Members

The Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report.

Paul J. Granetto
Wayne K. Million
Bobbie Sau Wan
Marc A. Pederson
Stevenson A. Bolden